

Macroeconomics the study of economic activity assignment

[Economics](#)



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It includes the study of: Economic growth – a steady rate of increase of national output Employment -a low level of unemployment Price stability – a low and stable rate of inflation External stability -a favorable balance of payments position Income distribution – an equitable distribution of income Circular flow of income model – the movement of spending and income through the economy.

In a macroeconomics equilibrium, national expenditure, national output and national income are all equal. Measure of national output/national income/national expenditure 1. Gross domestic product (GDP) is the total output of goods and services produced in a country in a given time period. 2. Gross national income (GNI) is the total income earned by a country's factors of production in a given period of time. 3. Net national income (NNI) is the gross national income adjusted for depreciation (the amount of capital that wears out in a period of time) 4.

GDP per capita: GDP divided by the population, a measure of the average standard of living in a country. Circular flow of income In addition to the basic model there are leakages and injections Leakages: outflows of possible spending from the circular flow (saving (pension, banks investments), taxes, imports(tourism)) Injections: additions of spending to the circular flow (investments(spending by firms on capital goods), govern. Spending, exports(spending by foreign households/firms/ governments on domestically produced products). In a macroeconomic equilibrium, total leakages are equal to total injections and national income is constant. Aggregate demand (a measure of spending) Is the total spending on goods and services in a country in a given period of time at a given price level.

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